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IN THE

Supreme Court of the United States

OCTOBER TERM, 1960.

No. 389

THE GRIFFITH LABORATORIES, INC.
Petitioner,

v.

HONORABLE JUDGE JULIUS H. MINER, United States District Court Judge for the Northern District of Illinois, Eastern Division,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI

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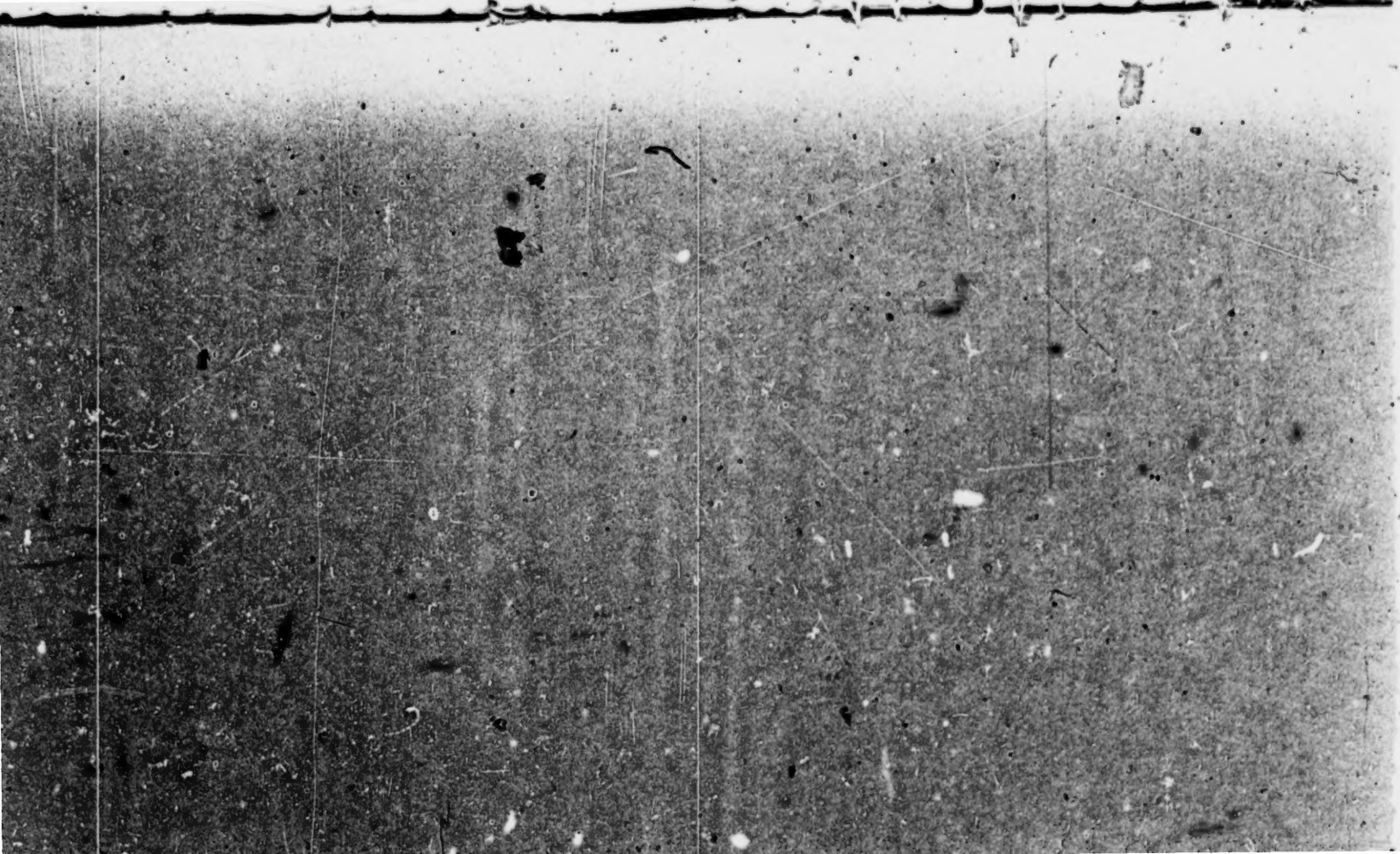

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OPINIONS BELOW

The Petition (page 1) correctly identifies the orders of the Courts below.

JURISDICTION

This case may be reviewed by this Court under 28 U.S.C. 1254(1).

QUESTION PRESENTED

Was Respondent's denial of Petitioner's motion to stay Civil Action No. 60-C-62 as to Reissue Patent No. Re. 24,764 under all the circumstances of this case, an abuse of discretion which the Court of Appeals should have corrected by issuing a Writ of Mandamus?

This phrasing of the issue presented eliminates the argumentative and unnecessary detail which Petitioner seeks to incorporate in it. The question presented by Petitioner also fails to mention that the Petition seeks a review of orders which are discretionary with the District Court as well as with the Court of Appeals.

STATEMENT OF THE CASE

Petitioner's statement of the case does not contain any significant factual errors. However, it omits many pertinent facts and is not arranged in chronological order or to provide a facile understanding of the case. Respondent, therefore, deems it desirable to present an independent statement of the facts material to the consideration of the question presented.

The instant Petition arises out of a patent dispute in which The Griffith Laboratories, Inc. and The Allbright-Nell Company are the principal contestants: The Griffith Laboratories, Inc. owns a one-half interest in at least seven patents and patent applications covering purported inventions in comminuting machines allegedly made by Carl Schnell of Germany. The Griffith Laboratories, Inc. also is the exclusive United States distributor of the "Mincemaster" machines manufactured in Germany by Schnell and disclosed in the jointly owned patents. By virtue of a letter agreement of December 1, 1958 (Exhibit 1 attached to the Complaint in Civil Action No. 60-C-62) Griffith is entitled to institute at its expense suits for infringement of the patents owned jointly by it and Schnell and to retain all recovery resulting from such suits. The Griffith Laboratories, Inc. is an Illinois corporation and has its principal place of business in Chicago, Illinois.

The Allbright-Nell Company is also an Illinois corporation having its principal place of business in Chicago, Illinois. Early in 1957, Allbright-Nell began to develop a high speed, high volume meat comminuting machine. This development program has been successful and has resulted in the manufacture and sale of substantial numbers of so-called "Emulsitator" machines which compete with Schnell's "Mincemaster" machines. Griffith, as early as March, 1957, threatened Allbright-Nell with patent suits (letter forming the last page of Exhibit 1 attached to the Complaint in Civil Action No. 60-C-62), even though the Patent Office at that time had not issued a single patent to Schnell and Griffith.

After patents began to issue to Griffith and Schnell beginning in May, 1958, Griffith instituted a plurality of infringement suits against Peter Eckrich and Sons, Inc., one of the purchasers of Allbright-Nell's Emulsitator machine. These suits were filed in the United States District Court at Fort Wayne, Indiana and The Allbright-Nell Company was named as a co-defendant. The first of these complaints for infringement (Civil Action No. 1128) was filed on February 13, 1959 and amended on April 30, 1959. Three additional infringement actions against Peter Eckrich and Sons, Inc. and Allbright-Nell were commenced in Fort Wayne, Indiana on September 30, 1959 (Civil Action No. 1184), February 8, 1960 (Civil Action No. 1211), and April 26, 1960 (Civil Action No. 1229). In all of these actions The Allbright-Nell Company, under a patent indemnity agreement, has assumed the defense of Peter Eckrich and Sons, Inc. without entering an appearance on its own behalf. In Civil Actions Nos. 1128 and 1184 The Allbright-Nell Company objected to venue and service of summons in Indiana and has been dismissed as a defendant. Schnell and Griffith have previously petitioned this

Court for a Writ of Certiorari (No. 219) to obtain review of the Court of Appeals' affirmance of such dismissal.

The earliest Indiana action (Civil Action No. 1128) includes an allegation of infringement of Patent No. 2,842,177. This patent is directed toward the specific location and size of certain lugs on an inside wall of the comminuting chamber of the disclosed meat grinding machine. After having conducted some pretrial discovery in this action the patent owners applied for the reissue of this "lug" patent which was granted on January 12, 1960 as Patent No. Re. 24,764. In the reissue patent one of the original claims was eliminated and thirteen new claims were added. The lug reissue patent and Patent No. Re. 24,683 are the subject matter of the declaratory judgment suit (Civil Action No. 60-C-62) out of which the instant Petition arises.

Civil Action No. 60-C-62 was instituted by The Allbright-Nell Company on January 14, 1960 in the Northern District of Illinois. At that time the two reissue patents were not in litigation either in Indiana or elsewhere. With respect to Patent No. Re. 24,764 the patent owners had announced their intention to put it in issue in Indiana. With respect to Patent No. Re. 24,683 the situation was somewhat different. This is a method patent which claims the operation of the apparatus disclosed in the patents in suit in Indiana. Although this patent was granted on August 18, 1959, Griffith and Schnell had shown no inclination to have it disposed of together with their other patents. Apparently the patent owners were endeavoring to keep this method patent in reserve and to seek to enforce it only if their other patents were held invalid or not infringed.

In order to eliminate this threat to its business and the business of all of its "Emulsitator" customers, The All-

bright-Nell Company decided to seek a judicial determination of the questions of validity and infringement of the method reissue patent. The complaint praying for a declaratory judgment of invalidity and infringement was filed in the Northern District of Illinois, Eastern Division where the corporate parties have their principal places of business, where their respective principal counsel are located and where the trial can be held most conveniently, economically and expeditiously. The lug reissue patent was included in this complaint because the "Emulsitator" machine, is accused of infringing both patents.

On February 3, 1960, the patent owners objected on numerous grounds to jurisdiction and venue of the Federal District Court in Chicago (Civil Action No. 60-C-62) and alternatively asked for a stay of the action with respect to Patent No. Re. 24,764. In suport of the motion pertaining to Patent No. Re. 24,764 The Griffith Laboratories falsely asserted that "an action involving the same subject matter and the same parties" was already pending in the Northern District of Indiana. Actually, The Allbright-Nell Company had already been dismissed from Civil Actions Nos. 1128 and 1184 pending in the Northern District of Indiana by orders of January 8 and 22, 1960. Moreover, Patent No. Re. 24,764 had not previously been put in issue anywhere.

In view of these facts Respondent denied Schnell's and Griffith's motions and the Court of Appeals denied Griffith's petition for a writ of mandamus. Since the instant Petition does not seek a review of the Lower Court's orders with respect to Patent No. Re. 24,683, the trial of at least that part of the declaratory judgment action in Chicago can no longer be avoided or delayed by the patent owners.

Patent No. Re. 24,764 was put in suit in Indiana on Febru-

ary 8, 1960, when the patent owners filed Civil Action No. 1211. This was almost a month after it was put in suit in Illinois in Civil Action No. 60-C-62. In the Indiana action Peter Eckrich and Sons, Inc. and The Allbright-Nell Company were named as defendants. Only the first named defendant has entered its appearance. While Allbright-Nell has not yet been formally dismissed from Civil Action No. 1211, it is believed that such dismissal is in order if this Court denies the patent owner's Petition for a Writ of Certiorari (No. 219) filed on July 7, 1960.

In view of the facts outlined above, it is quite clear that the instant Petition raises only the question of whether this Court should interfere with the exercise of discretion by the District Court and the Court of Appeals to determine whether the issues relating to Patent No. Re. 24,764 should first be litigated in conjunction with the infringement suits in Indiana or in the declaratory judgment suit in Illinois.

It should also be observed that the Illinois and Indiana litigations have not yet been ultimately fixed as to parties and issues. In none of the cases has a definite trial date been set, nor has any pretrial conference taken place.

ARGUMENT

The Rulings Below Are in Complete Harmony With Kerotest Mfg. Co. v. C-O-Two Fire Equipment Co.

There is no reason for granting the writ. Indeed, the Petition does not even refer to Rule 19 of the Supreme Court Rules or attempt to articulate "special and important reasons" why this Court should control the trial calendars of the District Courts concerned.

Petitioner's reliance on *Kerotest Mfg. Co.* v. *C-O-Two Fire Equipment Co.*, 342 U.S. 180, 72 S.Ct. 219 (1951) is unwarranted. That case stands for the proposition that trial judges have "an ample degree of discretion" (72 S.Ct. 221) in ruling on motions to stay. It further held that appellate review of such rulings is not governed by hard and fast rules but by judicial discretion (Footnote 3, 72 S.Ct. 222). Since *Kerotest* affirmed the ruling of the Court below, both the holding and the opinion in that case demonstrate that this Court is reluctant to substitute its discretion for that of the Lower Courts. This policy should be adhered to especially where the Lower Courts' decisions are in complete harmony.

The *Kerotest* opinion disposed *expressis verbis* of the question which Petitioner seeks to raise. In commenting on the general problem raised by multiple patent litigation the Court said (72 S.Ct. 222):

> "If the patentee's suit against a customer is brought in a district where the manufacturer cannot be joined as a defendant, the manufacturer may be permitted simultaneously to prosecute a declaratory action against the patentee elsewhere."

The patent owners have chosen to litigate some of their patents in a forum where the manufacturer cannot be

joined. Moreover, the manufacturer, Allbright-Nell, was forehanded in putting into litigation the two patents which form the subject matter of the declaratory judgment suit in Chicago. There is consequently every legal and equitable reason why that suit should proceed.

Petitioner relies on events occurring after March 15, 1960 to support its argument that the issues pertaining to Patent No. Re. 24,764 in Illinois are identical to those presented in Civil Action No. 1128 in Indiana with respect to Patent No. 2,842,177.

Petitioner's admission (Argument No. 4, page 8) that it will rely only upon those claims of Patent No. Re. 24,764 which were contained in the original patent has not been made by a disclaimer under 35 U.S.C. 253 or in a formal pleading in Civil Action No. 60-C-62 (Chicago) or Civil Action No. 1229 (Indiana). Moreover, even the informal admission of invalidity of the reissue claims contained in Griffith's arguments does not appear to have been made on behalf of Carl Schnell who owns an undivided one-half interest in the patents in suit. The binding nature of this admission is, therefore, not free from doubt. Furthermore, any such admission, whether made in a brief or in a more formal document did not occur until long after March 15, 1960, when Respondent entered the order of which review is now sought. Such admission, consequently cannot taint Respondent's ruling with legal error or abuse of discretion.

CONCLUSION

For the foregoing reasons it is respectfully submitted that the Petition is wholly without merit and should be denied.

Respectfully submitted,

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